



House of Representatives

General Assembly

File No. 179

January Session, 2005

House Bill No. 6865

House of Representatives, April 5, 2005

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT REDEFINING HEALTH INSURANCE UNDER HEALTH REINSURANCE ASSOCIATION PLANS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 38a-551 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2005*):

4 (a) "Health insurance" means hospital and medical expenses
5 incurred policies written on a direct basis, nonprofit service plan
6 contracts, health care center contracts and self-insured or self-funded
7 employee health benefit plans. [The term "health insurance" for] For
8 purposes of sections 38a-505, 38a-546 and 38a-551 to 38a-559, inclusive,
9 [shall not include accident only policies, disability income policies or
10 coverages which are subject to regulation under sections 38a-19, 38a-
11 363 to 38a-388, inclusive, and 38a-663 to 38a-696, inclusive] "health
12 insurance" does not include (1) accident only, credit, dental, vision,
13 Medicare supplement, long-term care or disability insurance, hospital

14 indemnity coverage, coverage issued as a supplement to liability
 15 insurance, insurance arising out of a workers' compensation or similar
 16 law, automobile medical-payments insurance, or insurance under
 17 which beneficiaries are payable without regard to fault and which is
 18 statutorily required to be contained in any liability insurance policy or
 19 equivalent self-insurance, or (2) policies of specified disease or limited
 20 benefit health insurance, provided: (A) The carrier offering such
 21 policies files on or before March first of each year a certification with
 22 the commissioner that contains the following: (i) a statement from the
 23 carrier certifying that such policies are being offered and marketed as
 24 supplemental health insurance and not as a substitute for hospital or
 25 medical expense insurance; and (ii) a summary description of each
 26 such policy including the average annual premium rates, or range of
 27 premium rates in cases where premiums vary by age, gender or other
 28 factors, charged for such policy in the state; and (B) for each such
 29 policy that is offered for the first time in this state on or after July 1,
 30 2005, the carrier files with the commissioner the information and
 31 statement required in subparagraph (A) of this subdivision at least
 32 thirty days prior to the date such policy is issued or delivered in this
 33 state.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2005	38a-551(a)
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INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill makes various changes to the definition of “health insurance” and has no fiscal impact.

OLR Bill Analysis

HB 6865

AN ACT REDEFINING HEALTH INSURANCE UNDER HEALTH REINSURANCE ASSOCIATION PLANS**SUMMARY:**

By law, insurers and HMOs issuing health insurance in the state and the Health Reinsurance Association, the state's high-risk pool, must offer comprehensive health care plans with specified minimum standard benefits. This bill expands the types of insurance plans that are not considered "health insurance" for comprehensive health care plan purposes, thus potentially limiting the insurers and HMOs that must offer comprehensive health care plans. In addition to other plans excluded from the definition, the bill excludes specified disease or limited benefit policies from the definition of "health insurance" for comprehensive health care plan purposes if a carrier offering such policies files information with the insurance commissioner each year before March 2 certifying that such policies are not substitutes for hospital and medical expense policies.

EFFECTIVE DATE: July 1, 2005

HEALTH INSURANCE DEFINITION

By law and for comprehensive health plan purposes, "health insurance" means hospital and medical expense policies, nonprofit service plan contracts, HMO contracts, and self-insured employee benefit plans. Current law excludes accident only, disability, motor vehicle, and personal and commercial risk liability insurance from the definition.

This bill specifies that, for comprehensive health plan purposes, "health insurance" excludes (1) accident only, credit, dental, vision, Medicare Supplement, long-term care, disability, or hospital indemnity plans; (2) supplemental coverage to liability insurance; (3) workers' compensation or similar insurance; (4) automobile medical-payments insurance; or (5) insurance coverage required by law in a liability insurance policy or similar self-insurance plan that pays beneficiaries regardless of fault.

It also excludes specified disease or limited benefit policies from the definition if a carrier offering such policies files certain information with the commissioner each year before March 2. This information includes (1) a statement certifying these policies are supplemental in nature and not substitutes for hospital or medical expense policies and (2) a summary of each policy, including the average annual premium rate or range of rates if premium varies by age, gender, or other factors. Carriers providing specified disease or limited benefit policies in the state for the first time must file the information at least 30 days before issuing or delivering such a policy in the state. (These health insurance definition exemptions and filing requirements are already law for small employer health insurance plans.)

BACKGROUND

Health Reinsurance Association

HRA is a nonprofit entity whose members consist of insurers, HMOs, and self-insurers doing business in the state. The association makes individual and group comprehensive health care plans available to people unable to obtain insurance coverage through other means. The association administers a reinsurance program and pools risk among participating members. Members share association losses.

Comprehensive Health Care Plans

By law, all individual and group comprehensive health care plans must include specified minimum benefits, including coverage for catastrophic illness and a lifetime maximum coverage of \$1 million. The plans may include cost-containment features, such as preferred provider provisions and utilization review of health care services.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report

Yea 15 Nay 0